

CHAPTER

1 OFF THE BLOCK

I KNEW THAT I was fortunate. I knew that by all rules of common sense, I should be content.

But I wasn't. I couldn't shake the feeling that something—something big and fundamental—was missing. What was missing was a life outside H&R Block.

I was CEO, and the job was consuming my life.

I was making nearly a million dollars a year. But I was also worn out—from worrying. I worried about the company, the next quarter, the next tax season. I thought about the business day and night, which made it hard to focus on my wife, Mary, and our sons, Jason and Teddy. My friends used to tell me I had the world by the tail. But I felt the weight of the world on my shoulders—which was ironic, given that I often criticized myself for doing too little.

It was 1994, and I was completing my eighteenth year at H&R Block, the nationally known tax preparation and financial services firm headquartered in Kansas City, and my fifth year as president. I oversaw tens of thousands of employees worldwide from my spacious office, dominated by a collection of original editorial cartoons that covered one whole wall. Each cartoon mentioned the company in some context. One of my favorites had a 911 operator telling a caller, "We're only allowed to connect you to the police, fire department, or hospital . . . you'll have to call H&R Block yourself."

That cartoon reflected reality: H&R Block had made itself almost indispensable, preparing one out of every ten tax returns in the

United States. In fact, it had created a whole new industry. There were no retail tax preparation firms when my father, Henry Bloch, and his brother Richard founded the company in 1955. (Although the family name is Bloch, pronounced Block, the brothers substituted the *h* for a *k* to avoid mispronunciation. After all, you'd never take your tax return to someone who would "Blotch" it.)

Today, H&R Block dominates the market it did so much to create. As one profile of the company puts it, "Only two things are certain in this life, and H&R Block has a stranglehold on one."¹

I was proud of our success, and my pride had an extra dimension. H&R Block still felt like a family firm, even though it had gone public in 1962 and had grown tremendously, diversifying into computer and temporary help services. The family now owned well under 5 percent of its stock. But Dad remained chairman when I was CEO, and woven into that company were the history and aspirations of two Bloch family generations.

Dad and his two brothers, Leon Jr. and Richard (better known as Dick), grew up in a middle-class Kansas City household. My grandfather Leon Sr. was a lawyer who owned a few rental houses in low-income neighborhoods. Much of his legal practice involved helping his tenants and their friends and relatives. My grandmother Hortence, who ran the household, was a disciple of Ralph Waldo Emerson. She kept his essays, journals, and poems in her sitting room.

Dad's biography is spelled out on the company's Web site. He attended the University of Michigan thanks to Kate Wollman, a wealthy aunt in New York City who paid his college tuition. (The Wollman Skating Rink in Central Park is named after Kate and her brothers.) After the Japanese attacked Pearl Harbor on December 7, 1941, Dad enlisted in the Army Air Corps and then left school during his last semester when he was called to active duty. (In 1944, he received his bachelor's degree from the University of Michigan.) As a navigator of a B-17 bomber, he flew thirty-one missions over Germany, including three over Berlin. He had some narrow escapes and earned the Air Medal and three Oak Leaf Clusters.²

In 1946, after the war and a one-year stint as a stockbroker, Dad and his older brother, Leon, started a Kansas City bookkeeping service they called United Business Company. Aunt Kate helped them launch it, although in retrospect it appears that she may not have been quite as optimistic as they were. Dad and Leon asked her for an investment of \$50,000. She responded with \$5,000—in the form of a loan that she required their father to cosign.

For a while, that loan appeared to be in jeopardy. Business was so slow that Leon quit to attend law school. Dad, determined to keep going, looked for an assistant by taking out a help-wanted ad. His mother was the only person to respond.

“Hire your younger brother, Richard,” she ordered.

“I can’t afford to hire Dick,” Dad replied. “He’s married.” Then, an obedient son, he did hire Dick, and the two brothers tried to make a go of it.

In 1951, when the business was on firmer footing, Dad married Marion Helzberg, a beautiful, red-haired graduate of the University of Missouri. Their families had been friends for years and were members of the same temple. And three years after that, I was born—as it happens, one day before the filing deadline. While Mom was in the delivery room, Dad was in the waiting room, filling out tax forms for the company’s bookkeeping clients.

Looking back, it’s highly ironic that Dad and Dick came very close to dropping the tax preparation portion of their business. It wasn’t making money at first, and it required them to work seven days a week during the hectic tax season. In fact, H&R Block might not exist today were it not for the intervention of John White, a client who also was a display advertising salesman for the *Kansas City Star*. White urged them to operate the tax preparation business separate from the bookkeeping business—and to place a \$100 ad in the newspaper.

“But we would need to prepare twenty returns just to break even!” Dad protested. (The going rate was \$5 a return in those days.) Actually, White countered as he smoothly upped the ante, it would be better to run *two* ads while they were at it. Dick insisted on giving the idea a try, and Dad went along, expecting little, fearing the worst.

It was good that he did. On the morning the first ad appeared, Dad was making the rounds of bookkeeping clients when he got an urgent phone message to call the office. "Hank, get back here as quick as you can," Dick shouted. "We've got an office full of people!"³

That was 1955, the company's breakout year. Quite by coincidence, the IRS helped the company along just then by discontinuing its free taxpayer assistance program in Kansas City. Meanwhile the brothers changed the name of their company to H&R Block and grossed \$20,000 in tax preparation revenues.

By 1978, H&R Block was a household name throughout the country. That was also the year that Dick was diagnosed with terminal lung cancer and was told he had ninety days to live. Instead of giving up, he got a second opinion and embarked on an aggressive treatment plan. In 1982, after he had defied the odds and defeated the disease, he sold his interest in the company. He dedicated himself to helping others fight cancer.

Two years before Dick's illness, I joined the company, after graduating from Claremont McKenna College. I learned the business by preparing returns in a local Kansas City tax office and serving in a variety of positions at the corporate headquarters. I oversaw the automation of the tax business, and in 1981 I became president of the tax division. In 1989, at age thirty-five, I was elected president of the company. Three years later, I succeeded Dad as CEO.

Dad went out of his way to avoid pressuring me to succeed him. Nevertheless, even before I was thirteen, when he assigned me to sweep tax office floors, H&R Block somehow seemed bound up with my self-image and my expectations of the future. Once, in third grade, my class was asked to draw pictures of what we wanted to be when we grew up. The other kids drew things like fire engines and police cars. I drew a man sitting behind a desk.

Now I was behind that desk. Being CEO certainly had its satisfactions. Probably the biggest one was the feeling I got when I would make an executive decision and then feel the company respond beneath me, changing course like some great ocean liner. And it was especially satisfying when changing course proved to be a good decision. But I simply

couldn't leave my office problems at the office door. They followed me home, and I couldn't let them go.

Mary said I was having, at age forty, a midlife crisis. I suppose that is as good a label as any, but I don't think it captures the depth of what I was feeling. It wasn't that I was seized by some midlife desire to buy a sports car or run away to Tahiti. I was in the grip of something far bigger than that. I wanted my life, my one and only life, to make a bigger difference.

Whatever the label, I had been in conflict for some time. It wasn't because of one single thing. It was because of an accumulation of things.

I'm a worrier. I felt that if I worried about something long enough, it wouldn't happen. And it usually worked. Sometimes I worried about big things. What if Congress passed a flat tax? That kind of simplification could result in a tax return the size of a postcard, which certainly wouldn't be healthy for business. Sometimes I worried about small things. Was I traveling enough to our outposts during tax season? But whether my worries were big or small, I was always worrying about something.

I didn't sleep well at night. I would wake up Mary at two in the morning. She hated that.

Before I go any further, I want to say that Mary, an attorney, is as tolerant of me and my idiosyncrasies as any husband has a right to expect. For example, she would say—and I would have to admit—that I'm frugal, especially when it comes to spending money on myself. Notwithstanding our income, we lived in a comfortable house, but hardly a lavish one. This was okay with Mary. But occasionally, especially earlier in our marriage, I carried my frugality too far, almost to the realm of tightwad. At least Mary forgave me for the time years ago when I gave her, in all seriousness, a Christmas gift of halogen lights from the Home Depot. (It had seemed like a logical choice to me. We needed better lights in the basement. But I'll never forget the horrified looks on the faces of my in-laws. And I've noticed that since that time, Mary has been exceedingly specific about her Christmas list.)

Mary would listen to my 2 A.M. monologues—to a point. To me, each corporate crisis was distinct, and each demanded a new round of agonizing. But to Mary, more down to earth than I, each was simply another episode in the same long-running story.

Eventually she would say, “You’re repeating yourself. I’ve got to get some sleep. Just let it go.” She would turn over and be back asleep almost instantly. I’ve never seen anyone go from wakefulness to sleep so fast; it was a feat comparable to a racecar going from zero to ninety in five seconds. And I would still be lying there, alone with my thoughts.

Mary began to worry about my health. “You’re going to kill yourself,” she warned one day. “At the rate you’re going, you’ll be dead by fifty.”

My relentless agonizing took a toll on family life. “You aren’t even listening to us,” she told me one evening at the dinner table. “Your son Jason just asked you a question, and you didn’t even hear him.”

Tax seasons unfortunately coincided with our sons’ basketball seasons, and I always hated to miss their Saturday games while I was holed up at the office. It was equally painful when I returned home to hear Mary recount like a play-by-play sports broadcaster a pivotal basket or steal that one of them made.

We usually vacationed in Phoenix over the boys’ spring break from school. But it wasn’t unusual for me to return to Kansas City after only a day or two to contend with a business crisis that was brewing. Mary wondered whether it was always necessary for me to get back to the office. Now, on further reflection, I’d have to admit that her doubts were justified.

I tried to change. I read a couple of self-help books. I exercised religiously. Nothing worked. I remained implacably, stubbornly myself.

I also discovered that I didn’t have much of a social life. I had scarcely any hobbies beyond cutting brush and clearing hiking trails on the wooded farm we owned near Kansas City.

I felt hemmed in by the life I was living. If I was ever to be fulfilled, I was going to have to do something else.

But what? Gradually my thoughts turned to teaching. Even though I’d had only two brief experiences as a teacher, I realized that I had found unexpected satisfaction in teaching.

My first teaching experience began with a casual decision made for the most mundane of reasons. “There is an opening for a French teacher at the elementary school in Claremont [California],” my French professor mentioned to me after class one day. “I thought you might be interested. You won’t get paid, but you’ll earn course credit for the semester.”

I was only twenty years old and had never taught before, so I think I learned more by teaching these fifth-grade students than they learned from me. I can’t pretend that the experience was entirely pleasant. I was just a college student, and I don’t think the kids quite took me seriously. As a case in point, they promptly named me “Mr. Blockhead.” But on the whole it was enjoyable and gratifying to see the kids learn the basics of a new language.

My other teaching experience was at H&R Block, which operates the country’s largest tax preparation school, with more than two hundred thousand students enrolling annually. It was early in my career, after having completed the company’s thirteen-week tax preparation course and then working for a season in a local tax office.

Teaching that tax preparation class was tougher than teaching those fifth graders because, at the time, I probably knew less about the intricacies of the tax code than I knew about French. But it too was satisfying. A decade later I encountered a tax preparer I had taught. Still with the company, she had developed a large and loyal clientele and had become a tax instructor herself. “You probably don’t remember me, Mr. Bloch,” she began. But I did remember her, and it was fulfilling to know that my teaching had helped her along the way, and that she also had decided to help others through teaching.

These two prior teaching experiences were indirectly influential in my decision to switch careers. The main lesson I learned from them was that teaching—and reaching out to others—can produce a great sense of satisfaction. When I thought about these experiences, I recalled the good feeling that came from making a commitment to others.

But if I was interested in teaching, where would I teach? Where could I do the most good? My thoughts turned to the inner city.

Why do so many inner-city kids fail to use school as their ticket to the middle class? Why, after decades of intensifying national effort,

from desegregation in the 1960s to the No Child Left Behind program of today, hasn't more progress been made in educating these kids? Is it the fault of the school districts? The teachers? The parents? The kids themselves? Isn't there some way to overcome the low expectations that hobble kids before their lives have scarcely begun? Is this really the best we can do?

Kansas City, Missouri, was as good a place as any to seek answers to these questions. Its public school system embodied all the problems of urban school systems everywhere. I did some research to find out where the problems were coming from.

For decades, Kansas City's public schools were starkly segregated, not by law but by the de facto segregation that kept African Americans confined to their ghetto. Everybody had a neighborhood school, but the black schools got far less money than the white schools. One school board member complained that rainwater dripped into buckets in his son's classrooms, and insulation hung from holes in the ceiling.⁴

But if segregation was a persuasive explanation for poor academic achievement in the 1960s and 1970s, it seemed less persuasive by the 1980s and 1990s. With the end of redlining (the refusal by lenders to make loans in particular areas based on their racial makeup) and other unlawful practices, the city's African Americans surged far beyond the boundaries of their old ghetto. To be sure, a good deal of de facto segregation remains a fact of life in Kansas City. An otherwise nondescript street named Troost Avenue is still an invisible but universally recognized boundary between two cities, one black and one white. But in just about every other way, from increased funding to sparkling new schools, Kansas City has worked hard to give its minority kids a chance.

The impetus for much of this effort was a sweeping federal school desegregation ruling in 1984. The court held the State of Missouri liable for the deplorable state of black schools. Between 1985 and 1995, the state, under duress, pumped more than 1.5 billion new dollars into the Kansas City system. Striking new schools were built, featuring the latest in computers and audiovisual equipment and, in one case, an Olympic-size swimming pool. The district was reorganized, with newly

formed magnet schools offering a menu of choices from college prep to French immersion. Essentially, any student could ask to go to any school (space permitting), and if a bus route wasn't available, the district would pay for his or her taxi ride.

The hope was that the sparkling new schools would keep white parents from moving to the suburbs and attract white children back from the private schools that many of them attended. This didn't happen; in fact, district enrollment as a whole has continued to decline. But perhaps even more discouraging, academic achievement has been stagnant. A 2006 study of the district by the Council of the Great City Schools, a coalition of the nation's largest urban schools, concluded that Kansas City students ranked "well below peers statewide, and their performance has not been getting much better of late." About the most positive thing the study had to say was to praise the courage of the Kansas City School Board for inviting the study in the first place.⁵

Personally, I could think of no better way to make a difference than by teaching inner-city kids. But let me be clear about this. I knew I wouldn't be doing this just for the kids. I would also be doing it for myself. I wasn't sure if I could really change the lives of Kansas City students or have much of an effect on the quality of the schools, but I felt I had to try.

I had several heart-to-heart talks with Dad as I agonized about a new direction for my life. Finally, in early 1995, I told him I had decided to leave the company. I had dreaded this talk for months.

He listened thoughtfully, receptively, as always. "I can't believe it," he said. "Take some time off. Get out of the office and take a real vacation with Mary. Think about this some more."

So Mary and I went to Aspen. My mind seesawed between yes and no several times a day as Mary and I hiked and went cross-country skiing. But in the end it settled on yes: I was going to leave the company for teaching.

We wanted our sons to be among the first to know, but I wasn't quite prepared for the reaction of six-year-old Teddy. I watched as an expression of growing concern crossed his face. "Are you going to be *my*

teacher?” he asked. I reassured him that his private school already had fine teachers and had no need of me. He looked greatly relieved.

A couple of weeks later, I found a homemade card on the breakfast table at my place. It was from Teddy to me. On the cover, it said “Bravo!” Inside was the following: “Dear Dad, I hope you are a great teacher. I want to have as much time [as I can] with you. This is a great dicistoin [sic]. Love, Teddy.” His note reinforced a growing, if shaky, conviction that I had made the right decision.

In April 1995, H&R Block formally announced my decision to leave. I stayed on until August, until my successor was identified and on board. Then, on a typically hot and humid summer day, the day after I cleaned out my office, my father hosted a farewell lunch for me.

I was told it was going to be a small gathering, just Mary and me, my dad, and a few senior executives. I didn’t look forward to putting on a suit and tie, but I had no choice. It was very thoughtful of my father to host this luncheon for me. I put on an old suit, but Mary stopped me before we got out the door of our house.

“Oh, you can’t wear that old brown suit!” she said. “Why don’t you wear one of your nicer ones?” I had heard such words before. I don’t know how many times Mary had chided me over the years for “inappropriate” attire. Usually I had ignored this advice, and I ignored it again on this day. “It doesn’t matter what I wear,” I insisted.

We went to the Crowne Plaza Hotel, across the street from the corporate offices. Mary Vogel, my longtime executive assistant at the company, was there to meet us in the lobby. She looked annoyed and worried. There had been a mistake. There was no record of a reservation at the restaurant. However, the hotel had offered us a small conference room on the second floor.

When we got to the conference room it was utterly empty.

“Something must be wrong,” Mary said in disgust. “Let’s go across the hall and see if we are supposed to be in there.”

“But that’s the ballroom,” I protested. We went in anyway.

The ballroom was certainly not empty. In fact, it was filled with hundreds of people, sitting at tables and waiting for their lunches to be

served. I was about to remark that we had apparently crashed some kind of convention. But then everyone turned toward us and began applauding.

I looked more closely at the faces in the room. They were all H&R Block employees, including Kansas City associates as well as senior field leaders from out of town. It finally hit me. This was a surprise party . . . for me. My wife had a huge grin on her face. Obviously, she had been part of this. Now I understood why she had been so adamant that I wear a nice suit. I began to wish that, for once, I had followed her advice.

The applause didn't stop. I hugged both Marys, and we were escorted to a table where Jason and Teddy and my mother and father waited to greet us. Mom, beautiful as always, was putting up a brave front, but I knew that this was a bittersweet occasion for her. She, even more than Dad, had been stunned by my decision to leave. I hugged them all and sat down, and finally everyone else did the same. I tried as hard as I could to hold back the tears.

After one of those typical rubber-chicken lunches, Eddie Feinstein, who oversaw the company's computerized tax preparation and electronic filing programs, served as master of ceremonies. He was wonderfully entertaining. "It's no secret why Tom quit to become a teacher," he joked. "He wants his afternoons and summers off." (If only this were so. I would learn soon enough that these notions are the biggest misconceptions about a teacher's life.)

Imitating David Letterman, Eddie recited the top ten things I will tell my students. Number six was, "I don't know—call a tax office." And number five was, "Quit calling me Blockbuster!" Eddie also ranked the top ten things I'd like about teaching school. Last was "Great school lunches" and first, of course, was "Recess."

A beautiful video was shown, highlighting my nineteen-year career at the company. It brought more tears to my eyes, and I only wish I had been as good a leader as the video said I was. Several executives then spoke about working with me, and their words were most generous. "Henry laid the foundation for the business, and you built upon it." That's

what Harry Buckley, president of tax operations, said. Harry personified the values and culture that made H&R Block a great company.

I was presented with a large scrapbook, full of letters from all over the country. There was also a gift from the company. Given all that I was feeling at the moment, it was not easy to unwrap the box in front of everyone. After what seemed like an eternity of unwrapping the most tightly assembled package ever, I was holding a beautiful barometer and wind gauge.

The barometer held a hidden meaning. “The Barometer” was the company’s name for a semiweekly report during tax season on tax-preparation activity in our far-flung office network. This report, which compared current activity to that of a year-earlier period, became a barometer of my own mood as CEO. Mary always said that when I returned home on Mondays and Thursdays she could tell at a glance whether the latest Barometer reading had been up or down. “It’s written all over your face.”

Then it was time for me to speak. I’d had plenty of practice in public speaking, but this was the most difficult speech I had ever given. I didn’t want the luncheon to end. I wondered how many of the guests I would ever see again. I walked up to the microphone, looked around the room, and deliberately remained silent for several seconds. Then I announced: “I’ve changed my mind. I want to stay.” I was joking, of course, and the room erupted in laughter. But, in truth, I was having some serious second thoughts about my decision.

I had hardly slept at all the previous night. Was I nuts to leave all this behind? Would I be a good teacher or a washout? Could I even relate to inner-city kids? I couldn’t forget the blunt advice a friend had given me a few months earlier. “Go travel and enjoy life,” he said. “Teaching in the inner city will only bring aggravation and disappointment.”

Years later, Dad would talk about my choice at a mayor’s prayer breakfast. “I believe Tom made an ethical decision,” he said. “He chose to be the best person he could imagine himself being.” And he concluded, “Let us stand in the places we are most afraid we will fail. Let us stand for the best, no matter what the cost. Let us stand so that we can strengthen each other.”

I don't think it would be possible to articulate my aspirations more eloquently. But that was years later. On my sleepless night before the farewell luncheon, I couldn't stop thinking about something he told me as we talked of my leaving the company.

"If you leave," he said, "you realize that you probably never will have an opportunity to come back."

I knew he was right. There was no turning back now.

